

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address DAVID SEROR - Bar No. 67488 JESSICA L. BAGDANOV - Bar No. 281020 BG LAW LLP 21650 Oxnard Street, Suite 500 Woodland Hills, CA 91367 Telephone: (818) 827-9000 Facsimile: (818) 827-9099 Email: dseror@bg.law jbagdanov@bg.law <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Sam Leslie, Chapter 11 Trustee	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION	
In re: COLDWATER DEVELOPMENT, LLC, a California limited liability company, Debtor. In re LYDDA LUD, LLC, a California limited liability company, Debtor. (X) Affects both Debtors. () Affects Coldwater Development LLC only. () Affects Lydda Lud, LLC only. Debtors.	CASE NO.: 2:21-bk-10335-BB Jointly Administered with CHAPTER: 11 Case No. 2:21-bk-10336-BB NOTICE OF MOTION FOR: TO CONVERT CASES TO CHAPTER 7 CASES (Specify name of Motion) DATE: 03/02/2022 TIME: 10:00 am COURTROOM: 1539 PLACE: United States Bankruptcy Court 255 East Temple Street Los Angeles, CA 90012

1. TO (*specify name*): ALL INTERESTED PARTIES:
2. NOTICE IS HEREBY GIVEN that on the following date and time and in the indicated courtroom, Movant in the above-captioned matter will move this court for an Order granting the relief sought as set forth in the Motion and accompanying supporting documents served and filed herewith. Said Motion is based upon the grounds set forth in the attached Motion and accompanying documents.
3. **Your rights may be affected.** You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)

4. **Deadline for Opposition Papers:** This Motion is being heard on regular notice pursuant to LBR 9013-1. If you wish to oppose this Motion, you must file a written response with the court and serve a copy of it upon the Movant or Movant's attorney at the address set forth above no less than fourteen (14) days prior to the above hearing date. If you fail to file a written response to this Motion within such time period, the court may treat such failure as a waiver of your right to oppose the Motion and may grant the requested relief.
5. **Hearing Date Obtained Pursuant to Judge's Self-Calendaring Procedure:** The undersigned hereby verifies that the above hearing date and time were available for this type of Motion according to the judge's self-calendaring procedures.

Date: 02/09/2022

BG LAW LLP
Printed name of law firm

/s/ Jessica L. Bagdanov
Signature

JESSICA L. BAGDANOV
Printed name of attorney

NOTICE MAILED: February 9, 2022.

DAVID SEROR - Bar No. 67488
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Attorneys for Sam Leslie,
Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re
COLDWATER DEVELOPMENT, LLC,
A California limited liability company,

Debtor.

In re
LYDDA LUD, LLC, a California limited liability
company,

Debtor.

- ☒ Affects both Debtors.
☐ Affects Coldwater Development LLC only.
☐ Affects Lydda Lud, LLC only.

Debtors.

Case No. 2:21-bk-10335-BB

Chapter 11

Jointly Administered with
Case No. 2:21-bk-10336-BB

**CHAPTER 11 TRUSTEE'S MOTION TO
CONVERT CASES TO CHAPTER 7
CASES; DECLARATION OF SAM S.
LESLIE IN SUPPORT THEREOF**

Hearing:

Date: March 2, 2022

Time: 10:00 a.m.

Place: Courtroom 1539

Edward R. Roybal Federal Building
255 E. Temple Street
Los Angeles, CA 90012

1 **TO THE HONORABLE SHERI BLUEBOND, UNITED STATES BANKRUPTCY JUDGE,**
2 **THE DEBTORS AND THEIR COUNSEL, CREDITORS, THE OFFICE OF THE UNITED**
3 **STATES TRUSTEE, AND ALL OTHER INTERESTED PARTIES:**

4 Sam S. Leslie, the duly appointed and acting Chapter 11 Trustee (the “Trustee”) of the
5 bankruptcy estates (“Estates”) of Coldwater Development, LLC (“Coldwater Debtor”) and Lydda
6 Lud, LLC (“Lydda Debtor”) (collectively, the “Debtors”), hereby moves (the “Motion”) this Court
7 for entry of an order converting this case to a chapter 7 case, pursuant to Section 1112(b)(1) of 11
8 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”).

9 The basis of the Motion is that the Debtors’ sole assets are six (6) highly prized, vacant,
10 residential estate lots, totaling approximately 65.63 acres located in the Santa Monica Mountains
11 above Beverly Hills, California (the “Property”). More specifically, the Coldwater Debtor owns two
12 (2) lots identified by Assessor’s Parcel Number 4387-021-018 and 4387-021-019, and the Lydda
13 Debtor owns four (4) lots identified as Assessor’s Parcel Number 4387-022-001, 4387-022-002,
14 4387-020-001, 4387-020-009. The Trustee is in the process of listing the Property for sale to
15 liquidate it for the benefit of the Estate and creditors. The Trustee believes this is a liquidating case,
16 and that and there is no possibility of a reorganization. The Trustee believes that it is in the best
17 interest of creditors to convert this case to one under chapter 7 of the Bankruptcy Code in order to
18 avoid the additional administrative expenses inherent in a chapter 11 case, and for the order
19 converting the case to provide that the professionals employed by the Trustee (including BG Law
20 LLP, LEA Accountancy LLP, ThreeSixty Advisors and Tranzon) remain employed by the chapter 7
21 estate without further order of Court.

22 **MEMORANDUM OF POINTS AND AUTHORITIES**

23 **I. RELEVANT BACKGROUND**

24 On January 15, 2021 (the “Petition Date”), the Debtors filed their voluntary petitions under
25 Chapter 11 of title 11 of the Bankruptcy Code (the “Cases”). The Cases are jointly administered
26 pursuant to this Court’s Order entered January 21, 2021 in the Cases.

27 The Debtors collectively own six (6) highly prized, vacant, residential estate lots, totaling
28 approximately 65.63 acres located in the Santa Monica Mountains above Beverly Hills, California

(the “Property”). More specifically, the Coldwater Debtor owns two (2) lots identified by Assessor’s Parcel Number 4387-021-018 and 4387-021-019, and the Lydda Debtor owns four (4) lots identified as Assessor’s Parcel Number 4387-022-001, 4387-022-002, 4387-020-001, 4387-020-009.

On December 7, 2021, the Office of the United States Trustee (“OUST”) filed its Application to Appoint a Chapter 11 Trustee in the Cases [Doc. 191], pursuant to which the OUST sought the immediate appointment of a Chapter 11 Trustee. Thereafter, this Court granted the OUST Application and appointed the Trustee in the Cases. On December 7, 2021, the OUST filed its Notice of Appointment of Chapter 11 Trustee [Doc. 193], and pursuant to Court order entered December 7, 2021 [Doc. 195], Sam S. Leslie was appointed Chapter 11 Trustee and continues to serve in that capacity in the Cases.

Prior to the Trustee’s appointment, the Debtors marketed the Property to several parties both pre- and postpetition. Since his appointment, the Trustee has spent considerable time and effort in a short period of time investigating the Property and its purported secured debt to determine whether the Property may be liquidated for the benefit of these Estates. The Trustee has filed an application to employ an auctioneer to begin the marketing and auction process with regard to the Property.

The Trustee has determined that reorganization is not likely in this case, given that the Trustee intends to sell the Debtors’ main asset. Thus, the Trustee has determined that is appropriate and in the best interest of creditors to convert this case to a chapter 7 case.

II. LEGAL ARGUMENT

Pursuant to 11 U.S.C. 1112(b)(1):

Except as provided in paragraph (2) of this subsection, subsection (c) of this section, and section 1104 (a)(3), on request of a party in interest, and after notice and a hearing, absent unusual circumstances specifically identified by the court that establish that the requested conversion or dismissal is not in the best interests of creditors and the estate, the court shall convert the case under this chapter to a case under chapter 7 or dismiss a case under this chapter, whichever is in the best interests of creditors and the estate, if movant establishes cause.

The Trustee is a “party in interest” with standing to seek conversion. 11 U.S.C. § 1109(b). The Trustee respectfully contends that cause exists in that the Debtors’ primary asset will be liquidated, there is no possibility of a reorganization, and it is more cost efficient to liquidate in a

chapter 7 versus a chapter 11. Accordingly, the cases should be converted to maximize value for these estates.

III. CONCLUSION

Based on the foregoing, the Trustee respectfully requests that the Court enter an order granting this Motion, and:

1. Converting the Debtors' cases to Chapter 7;
2. Providing that the professionals employed by the Trustee (including BG Law LLP, LEA Accountancy LLP, ThreeSixty Advisors and Tranzon) remain employed by the chapter 7 estate upon conversion without further order of Court; and
3. Granting to the Trustee such other and further relief that the Court deems just and proper.

DATED: February 9, 2022

BG LAW LLP

By: /s/ Jessica L. Bagdanov

David Seror
Jessica L. Bagdanov
Attorneys for Sam Leslie, Chapter 11 Trustee

DECLARATION OF SAM S. LESLIE

I, Sam S. Leslie, declare:

1. I am the duly appointed and acting chapter 11 trustee for the bankruptcy estates of Coldwater Development, LLC and Lydda Lud, LLC. I have personal knowledge of the facts contained in this declaration, and if called as a witness, I would and could competently testify thereto under oath.

2. I make this declaration in support of my motion to convert these cases to chapter 7 cases. All initial capitalized terms used but not defined herein have the meanings ascribed to them in the motion.

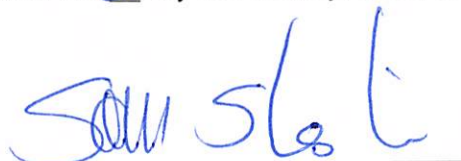
3. The Debtors collectively own six (6) highly prized, vacant, residential estate lots, totaling approximately 65.63 acres located in the Santa Monica Mountains above Beverly Hills, California (the "Property"). More specifically, the Coldwater Debtor owns two (2) lots identified by Assessor's Parcel Number 4387-021-018 and 4387-021-019, and the Lydda Debtor owns four (4) lots identified as Assessor's Parcel Number 4387-022-001, 4387-022-002, 4387-020-001, 4387-020-009. The Property is the Debtors' primary asset.

4. I have spent considerable time and effort (in a short period of time) investigating the best way to maximize value for these estates by sale of the Property, and have filed an application to employ an auctioneer to begin the marketing and auction process with regard to the Property.

5. I have determined that a reorganization is not possible in this case. Therefore, I am in the process of listing the Property for sale to liquidate it for the benefit of the Estate and creditors. I believe that an auction sale is the best way to maximize value in this case for creditors.

6. Given that the Debtors' primary asset will be liquidated, I have determined that is appropriate and in the best interest of creditors to convert this case to a chapter 7 case.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 20th day of February, 2022, at Palm Springs, California.


Sam S. Leslie

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
21650 Oxnard Street, Suite 500, Woodland Hills, CA 91367.

A true and correct copy of the foregoing document entitled: **NOTICE OF MOTION TO CONVERT CASES TO CHAPTER 7 CASES** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **February 9, 2022**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Eryk R Escobar eryl.r.escobar@usdoj.gov
- M Douglas Flahaut flahaut.douglas@arentfox.com
- Eric J Fromme efromme@tocounsel.com, stena@tocounsel.com
- Asa S Hami ahami@sulmeyerlaw.com, pdillamar@sulmeyerlaw.com;pdillamar@ecf.inforuptcy.com;
cblair@sulmeyerlaw.com;ahami@ecf.inforuptcy.com
- Christopher J Harney charney@tocounsel.com, stena@tocounsel.com
- Sam S Leslie (TR) sleslie@trusteeleslie.com, trustee@trusteeleslie.com;C195@ecfcbis.com
- Daniel A Lev dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com;dlev@ecf.inforuptcy.com
- William N Lobel wlobel@tocounsel.com, jokeefe@tocounsel.com;sschuster@tocounsel.com
- Aram Ordubegian ordubegian.aram@arentfox.com
- Ronald N Richards ron@ronaldrichards.com, morani@ronaldrichards.com
- David Seror dseror@bg.law, ecf@bg.law
- Annie Y Stoops annie.stoops@arentfox.com, yvonne.li@arentfox.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Dylan J Yamamoto dylan.yamamoto@arentfox.com
- Robert M Yaspan court@yaspanlaw.com, tmenachian@yaspanlaw.com

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On **February 9, 2022**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

****JUDGE'S COPY UNDER 25 PAGES IS SUSPENDED (GENERAL ORDER 21-05).**

Honorable Sheri Bluebond
United States Bankruptcy Court
255 East Temple Street, Suite 1534
Los Angeles, CA 90012-3332

☒ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

February 9, 2022
Date

Mela Galvan
Printed Name

/s/ Mela Galvan
Signature

SERVED BY UNITED STATES MAIL:

Bel Air Project LLC
9454 Wilshire Blvd. #320
Beverly Hills, CA 90212

Closing Agents Escrow, Inc. **VIA NEF**
c/o Law Offices of Robert M. Yaspan
21700 Oxnard Street Suite 1750
Woodland Hills, CA 91367-7593

Coldwater Development LLC
11301 W. Olympic Blvd. #537
Los Angeles, CA 90064

Construction Enterprise & Services
11301 W. Olympic Blvd. #537
Los Angeles, CA 90064

Employment Development Dept.
Bankruptcy Group MIC 92E
P.O. Box 826880
Sacramento, CA 94280-0001

First Credit Bank,
a California banking corporation
9255 Sunset Blvd.
West Hollywood, CA 90069

Franchise Tax Board
Bankruptcy Section MS: A-340
P.O. Box 2952
Sacramento, CA 95812-2952

Give Back LLC
P.O. Box 11480
Beverly Hills, CA 90213

IRS
ATTN Insolvency
24000 Avila Road, Mail Stop 5503
Laguna Niguel, CA 92677-3405

Internal Revenue Service
Centralized Insolvency Operations
PO BOX 7346
Philadelphia PA 19101-7346

Land Phases Inc.
5158 Cochran St.
Simi Valley, CA 93063

Larry A. Rothstein
2945 Townsgate Rd., Suite 200
Westlake Village, CA 91361

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and Rudman
6454 Coldwater Canyon Ave.
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Lennie Liston, Esq.
PE, QSD/QSP - President
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889 Pierce Court, Suite 101
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Lincoln Resorts an AZ Joint
Venture Prt
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1888 Century Park East St 1500
Los Angeles CA 90067

Los Angeles County Treasurer and
Tax Collector
Bankruptcy Unit
PO Box 54110
Los Angeles CA 90054-0110

Los Angeles Department of Water
and Power
P.O. Box 51111
Los Angeles, CA 90051

Lydda Lud, LLC
11301 W. Olympic Blvd. #537
Los Angeles, CA 90064

Mohamed Hadid
11301 W. Olympic Blvd. #537
Los Angeles, CA 90064

Mohamed Hadid
638 North Faring Road
Bel Air, CA 90077

Office of Finance
City of Los Angeles
200 N Spring St RM 101 City Hall
Los Angeles CA 90012-3224

Aram Ordubegian **VIA NEF**
Arent Fox LLP
555 West Fifth Street, 48th Floor
Los Angeles, CA 90013-1065

Permits Unlimited
4340 Caleta Rd.
Agoura Hills, CA 91301

RAL Design and Management Inc.
Russell Linch
25031 W. Avenue Stanford Unit 100
Valencia, CA 91355

Securities & Exchange Commission
444 South Flower St., Suite 900
Los Angeles, CA 90071-2934

Shahbaz Law Group
15760 Ventura Blvd., Ste. 850
Encino, CA 91436

State of California Department of
Industrial Relations
6150 Van Nuys Blvd # 105
Van Nuys, CA 91401

Tree Lane LLC
11301 W. Olympic Blvd. #537
Los Angeles, CA 90064

Treetop Development LLC
11301 W. Olympic Blvd. #537
Los Angeles, CA 90064